GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:430
ANSWERED ON:25.08.2006
IT REFUNDS
Kharventhan Shri Salarapatty Kuppusamy

Will the Minister of FINANCE be pleased to state:

(a) whether the Government is aware of the complaints of delays in refunds of Income Tax to the assessees ;

(b) if so, the details thereof and the reasons therefor ;

(c) the amount of refunds payable during each of the last three years ;

(d) whether the assessees have been compensated for belated payment of refunds ;

(e) if so, the details thereof during each of the last three years ;

(f) if not, the reasons therefor; and

(g) the steps taken for timely refund of taxes to assessees ?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI P. CHIDAMBARAM)

(a), (b), (c), (d), (e) (f) and (g): A statement is laid on the table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a), (b), (c), (d), (e), (f) and (g) OF LOK SABHA STARRED QUESTION NUMBER 430 DUE FOR ANSWER ON 25 AUGUST 2006.

(a) Yes, Sir. There is delay in issuing of refunds in some cases despite the streamlining of procedure for issuing of refunds by comprehensive computerization programme of the Income-tax Department.However, the Department has put in place an effective mechanism for redressal of grievances relating to delay in refund.

(b) Details regarding delayed refunds are not maintained. Normally, returns are processed within four months and refunds are issued. However, some delay is caused due to shortage of manpower In some cases, verification of taxes paid or deducted is required causing delay in issuing of the refund till verification process is over.

(c) The details of total amount of money refunded by Income Tax Department to the assessees during the last three years are as follows :

Financial Year	Amount of Refund (in Rupees crore)
2003-2004	25,737
2004-2005	28,514
2005-2006	29,435

(d) Yes, Sir. Income Tax Act provides for interest under Section 244A to the tax payer for delayed refund.The present rate of interest is 6% per annum.

(e) The details of total amount of interest paid to the assessees for the last three years are as follows :-

Financial Year	Interest paid to the assessee (in Rupees crore)
2002-2003	6268
2003-2004	4701
2004-2005	3865

(f) Does not arise in view of (e) above.

(g) Some of the steps taken by the Department to ensure timely refund of taxes to assessees are :-

(i) Computerized processing of returns has been introduced to ensure timely issue of refunds.

(ii) Guidelines have been issued by CBDT to process all returns and issue refunds within four months of filing of returns.

(iii) Administrative measures like regular inspection by higher authorities are taken.

(iv) Income Tax Department is in the process of increasing manpower.

(v) The dematerialization of TDS certificates is already under process and verification will be done electronically.

(vi) Electronic Clearing System (ECS) has already been introduced in 12 major cities to directly credit the refunds in to the bank account of taxpayer. It is proposed to extend ECS to 24 more cities in near future.